

Council on Postsecondary Education
July 22, 2002

Executive Summary

Cross-Cutting Issues

Because the Kentucky General Assembly failed to adopt a budget in both the 2002 Regular Session and the First Extraordinary Session, the Governor has issued an executive order with an attached spending plan for fiscal year 2002-03. The plan closely mirrors the various appropriations and related provisions included in House Bill 1 as introduced by the Governor in the April special legislative session. The only major difference for postsecondary education between House Bill 1 and the executive spending plan relates to debt-funded projects because the administration has concluded it does not have the authority to issue debt absent a legislatively-enacted budget. So depending on when the General Assembly actually enacts a budget, there may or may not be a delay in selling bonds for the Endowment Match Program (“Bucks for Brains”). If a budget had been approved, bonds could not have been issued any earlier than January 1, 2003. Additional information begins on page 17.

The staff recommends that the council approve the 2002-03 Agency Spending Plan in the amount of \$120,022,242. (For details, see page 21.)

The 2002-03 Agency Spending Plan follows the requirements of the Governor’s 2002-03 spending plan. Details about the agency spending plan are provided in a booklet bound separate from this agenda book.

The staff recommends that the council approve the guidelines for distribution of any bond authority provided by the 2002-04 Postsecondary Education Agency Bond Pool and the guidelines for allowing institutions to access any unmatched funds in the 2000-02 Postsecondary Education Capital Renewal and Maintenance Pool. (For details, see page 23.)

Capital project pools are important tools to develop and maintain the basic infrastructure of the Commonwealth's investment in physical plant at our universities and colleges. The Governor's fiscal year 2002-03 spending plan does not include an agency bond pool for the colleges and universities or any other debt-financed pools or projects. However, the council is being asked to adopt guidelines for allocation of agency bond authority should a special session be called so institutions will know the program guidelines in advance of a 2002-04 budget bill being passed by the General Assembly. Draft guidelines were provided for council discussion at the May meeting.

Originally, some institutions have not been able to fully match state monies to complete capital renewal and maintenance pool projects. They have asked for an extension and also the opportunity to complete the highest priority projects immediately. The council is asked to adopt guidelines allowing the colleges and universities access to the capital renewal and maintenance funds.

The staff recommends that the council approve amendments to two existing administrative regulations, entitled *13 KAR 2:100. Campus security, public institutions* and *13 KAR 1:030. Campus security, private institutions* and direct that the staff file the administrative regulations with the Legislative Research Commission and make such changes in the administrative regulations as shall be necessary as a result of the statutory review process. (For details, see page 27.)

Changes made to the Michael Minger Act by the 2002 Kentucky General Assembly require changes in the administrative regulations on campus security. The changes address concerns that institutions were not reporting fires and threats of fires to the state fire marshal in a timely manner. The word “immediately” is defined in the legislation and new criminal penalties are set out. A special fund is created to promote fire-safety training – fines assessed against institutions will go to the fund. There are two virtually identical administrative regulations – one for the public institutions and another for the private institutions.

Citing his desire for governing board members to effectively execute their duties and align their institutions with the goals of postsecondary reform, Governor Patton announced the creation of the Institute for Effective Governance at the September 2001 trusteeship conference. Jointly managed by the council and the Prichard Committee, the institute will provide education programs for the governing boards of Kentucky universities, the Kentucky Community and Technical College System, the council, and independent institutions choosing to participate. The institute will sponsor four types of activities: 1) new member orientation, 2) topical seminars, 3) the Governor’s annual trusteeship conference, and 4) general support for board development.

An oversight committee advises the executive director of the Prichard Committee and the council president as co-directors. The following people have agreed to serve on the oversight

committee: Joanne Glasser, Jay McGowan, William McCann, Leonard Hardin, and Charles Whitehead. The council staff provides administrative support.

Earlier this year, a consultant working with the institute conducted telephone interviews with a sample of current board and council members. They were asked what they needed to know to discharge their responsibilities more effectively. The most frequently mentioned topics were: budget and finance, history and role of institutions and the state system, board protocol and structure, relationship to the president, handling the volume of information, and relating to constituencies.

Plans are underway to introduce the institute at the 2002 Governor's trusteeship conference to be held September 22-23 in Lexington. Drawing from the survey results and given the current fiscal environment, the conference will focus on board members' understanding of institutional finance and budgeting issues.